

PERSONAL FINANCE COURSE

SIMPLE INSTRUCTIONS AND
ADVICE ON HOW TO MAN-
AGE YOUR HOUSEHOLD AND
PERSONAL FINANCES



—BOOK THREE

HOW TO MANAGE A CHECKING
ACCOUNT

HOW TO BORROW FROM A BANK

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PERSONAL FINANCE COURSE

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BOOK THREE

HOW TO MANAGE A CHECKING ACCOUNT

Do You Wish to Have Your Money Stolen?

It is never safe to leave any sum of money in a house or in an office. Yet people have been known to have twenty or thirty thousand dollars, in cash, hidden away in the house. Money has been stolen, burned up, thrown away, or even forgotten because it has not been placed in a bank.

You are not likely to hide large sums in mattresses, under piles of waste paper, back of books, or in old chests.

You read all too often in the daily papers that sums of money so hidden are destroyed by accident, or are stolen.

You are very likely, tho, to do as thousands of people do, and leave money in the drawers of desks, or to carry large sums in a pocket-book.

Desks may be opened by anyone and pocket-books may be stolen by pickpockets; or as you may see by the advertising columns of most newspapers money may be lost thru carelessness.

The only safe way to take care of uninvested money not needed for immediate use is to place it in a bank.

Why the Privilege of Banking Is Worth Paying For

Banks could not conduct their business unless they earned the means to pay for rent, equipment, clerical hire, stationery and incidental expenses, as well as profit on the undertaking.

Some time ago a banker was talking pleasantly with a young friend of his who maintained a small account in a bank. The friend deposited no more than \$200.00 at a time and almost immediately checked every cent of that out of the bank often times making out his checks before he made his deposits. The bank had not held him strictly to the maintenance of a certain amount on deposit and he told about this to the banker who was talking with him. "Give the bank a chance, give the bank a chance," said the old banker to the boy. "Don't you suppose they want to make money? Why, you are just a 'dead head.' You are a liability to that bank, and not an asset. You are getting safety, check books and collections. Give the bank a chance, young fellow." The old man's advice is good advice to anyone who wishes to keep a bank account.

It is expected that you will maintain in a bank in which you open an account, a sum, varying according to the bank, from two to five hundred dollars, or else that you will pay to the bank, by agreement, a sum varying once again according to the bank from ten to twenty-five dollars per year.

Look upon your bank account fund as insurance.

Altho the two, three, four, or five hundred dollars that you will keep on deposit all the time in a bank will bring you no interest, you should regard the money as well invested.

A checking account gives you many advantages:

1. It gives you all the advantages of using checks.
2. It supplies you with check-books and bank-books.
3. It adds to your financial standing.
4. It gives you a quick, easy and safe method of paying bills.
5. It gives you a certain means of obtaining receipt in the form of endorsed checks.
6. It gives you a convenient means of cashing all checks, drafts, Postal Orders, Express Orders, and coupons.
7. Most of all, it gives you a sum of money that you can use in an unexpected emergency, such as unexpected financial troubles, losses by fire, by sickness, or even by any other unexpected event.

How to Open an Individual Checking Account

When you wish to open an individual checking account in a bank with which you have no previous connections, go to the bank prepared to act as follows:

1. Present an introduction from some person well known to the bank.

2. Present evidence, if possible, that you have maintained bank accounts elsewhere.
3. Present the following information :
 - a. Your full name
 - b. Your address
 - c. Your occupation
 - d. The purpose of your account
 - e. The amount of money that you expect to maintain on deposit
 - f. The amount of business that you are likely to conduct with the bank
 - g. Such other personal information as the bank may need to know in order to enter into business relations with you.

How to Avoid Annoyance Because of Inquiries Concerning Your Signature

The bank is to pay checks upon your order—by recognition of your signature. If you fail to give the bank a satisfactory signature, errors may be made.

1. Your signature may be forged.
2. Your own actual signature may not be recognized, and checks may be returned to you unhonored.

A man who had kept an account in a large bank for some fifteen years without question, was annoyed one year by the return of a number of his personal checks with the statement that the signature was doubtful. He was at first annoyed, then vexed, then

“boiling mad.” He flung himself into the bank and made a scene,—and all because he had dropped into the habit of signing his name in a dozen different ways, whereas he had left on file at the bank only one type of signature. The bank officials dealt with him as tactfully as they could, and asked him then and there to write his name in all the ways that he might possibly sign it, and he accordingly did so. The result was, that the depositor learned a lesson. He adopted one particular check signature, and thereafter never failed to employ that particular signature.

Write Several Signatures

In order to save yourself both money and annoyance, follow these directions:

1. Write your signature three, five or seven times.
2. Write your signature on the card or cards just as hastily, or just as carefully, as you usually write.
3. Write with the same kind of pen that you are accustomed to use.
4. If you are accustomed to use several kinds of pen, write a signature with every kind of pen that you are accustomed to use.
5. If you are accustomed to write your name in different ways at different times for business purposes, give a signature for every way that you are accustomed to write your name, as:

Theodore L. Hilton
Theod. L. Hilton
Theo. L. Hilton
Th. L. Hilton
T. L. Hilton
T. Hilton
T. Hilton, Treasurer

The Value of a Business Signature

It is a wise plan to follow the method adopted by many business men, a method that calls for the use of a special business signature that cannot easily be forged.

If you adopt a special business signature, write duplicate cards for yourself at the time when you write the signature for the bank, so that you will have a permanent record of your official signature.

Why Women Should Sign Given Names

An unmarried woman who maintains a checking account should always sign her first name, her middle initial, if any, and her last name, as:

"Florence L. Garth"

If she signs her name "F. L. Garth," or "F. Garth" there is likelihood of confusion, and even of forgery.

Why Married Women Should Sign Their Own Names

A married woman should not use as a business signature her husband's name, preceded by "Mrs." as:

"Mrs. Theo. L. Hilton"

A married woman should sign her own first name, the initial of her maiden name, and her husband's last name, thus:

"Florence G. Hilton"

She should not sign thus: "Mrs. Theo. L. Hilton," or "Mrs. Florence Hilton." A woman should sign her name in the way suggested as best, for example:

"Florence G. Hilton"

Not only on checks, but on all legal papers of every description.

How to Open a Joint Checking Account

Sometimes a husband and wife, or two persons who are partners in any enterprise, wish to open a joint checking account.

A joint account, an account held in the name of two persons, is open to checking by either person. Therefore, both persons must fill out signature cards, and both must acknowledge that the account is held in common.

How Not to Lose Money Through a Joint Account

Since a joint account is open to checking by each person concerned, it is evident that either one may withdraw the entire sum deposited.

A young man in New York City opened up a new business,—that of providing resinous wood for fireplaces. He obtained this wood from the South. After some time he associated with himself another young man, whose acquaintance he made in the course of business. They became co-workers in the business, and kept a joint bank account, but that account was open to both persons. One morning the honest partner found that the other had withdrawn all the money, and had disappeared. He had trusted him too quickly.

1. Do not enter into a joint account with anyone whom you do not trust absolutely.
2. In order to avoid unintentional errors use a single check book for checking from a joint account.

Will You Leave Your Wife Practically Penniless in Case of Your Death?

Certainly you do not wish your wife, in the event of your death, to be left without money for immediate needs.

If your bank account is held wholly in your own name your wife will not be able to draw upon the account until troublesome necessary legal formalities have been concluded.

“But,” you say, “My wife and I have a joint bank account! Either one of us can draw upon that account! In the event of my death my wife would continue to draw upon the account as usual.”

Now, here is where you are mistaken. In the event of the death of either person, the joint account would be closed until an executor or an administrator should be appointed, and should act on the case. Even if you and your wife have a joint account, your death might prevent your wife, for some days, from drawing upon it.

How to Open an Account for a Trust Fund

In order to open an account for a trust fund, sign your name as “Treasurer,” “Trustee,” “Guardian,” or whatever position it is that has placed you in charge of a trust fund.

John Wilson, Treasurer

John Wilson, Guardian

John Wilson, Trustee

**Sign the Name of Any Person or Organization
Represented**

If you are an officer of a society, lodge or of any organization, carry a bank account for the organization in the name of the organization, with your own name as representative, thus:

The Bryant Lodge,
John T. Graham, Treasurer.

Charles L. Madigan,
George F. Walker, Trustee.

By carrying an account in this way, in the actual name of the organization for which you carry it you are not likely to fall into error with your account, nor to have any difficulty whatever.

Maintain Separate Accounts

If you maintain a separate checking account for every trust fund, you will be able to avoid unpleasant complications, for you will have kept every fund separate and distinct by itself, and your bank books and check books will show every transaction clearly.

An energetic young man was treasurer of two or three small organizations, every one of which maintained separate accounts. He kept a record of all receipts and expenditures, and presented his reports with great accuracy and faithfulness, but he kept only one checking account. On his unexpected death, numerous questions arose concerning the funds of the various organizations. The books that he had kept did not make everything sufficiently clear. If he had had separate checking accounts, everything could have been cleared up easily. If he had maintained separate check books, even for the different accounts, everything would have been simple. As it was, without him present to give explanation, it was impossible for others to find the exact truth.

How to Make a Deposit

When you make a deposit in a bank first fill out a deposit ticket. The bank will supply you with a number of tickets like the following:

Deposited by

In the
ELKHORN COUNTY BANK
ELKHORN, TEXAS.....19....

Checks credited subject to payment.
Please list every check separately.

	Dollars	Cents
Specie.....		
Bills.....		
Checks.....		
“		
“		
“		
“		
“		

SAFE DEPOSIT BOXES
\$5 Per Year and Upward

1. Take to your office or home a number of these deposit tickets so that you will be able to fill them out at leisure, and will not be obliged to experience delay when at the bank.
2. Write your name on the deposit ticket in accordance with the name you gave when you opened the account, as:

Frank L. Robinson

The Bryant Lodge,
John T. Graham, Treasurer.

3. Under the head of "Specie" list the total amount of all the coin that you deposit at one time.
4. Under the head of "Bills" list the total amount of bills deposited at one time.
5. Make a separate item of every check that you deposit.
6. Name the bank on which every check is drawn.
7. Present the bank book given you at the time you open your account, the deposit slip, and the money and checks to be deposited, at the window of the receiving teller.

It is very important to deposit checks immediately. A woman who kept a boarding house failed to deposit her checks promptly. One of her boarders took advantage of this by giving her checks before he made deposits. In the end he contrived to allow his bill to become unusually large, gave her a worthless check, and disappeared before she discovered that the check was worthless. If she had deposited her money promptly on all occasions, she would have caught him in his first irregularity, and perhaps would have avoided further trouble.

Deposit Postal Money Orders, Express Orders, Drafts and Coupons

Your bank will accept as deposits postal money orders, express orders, travelers' checks, drafts, individual checks, and coupons.

On checks from distant places you will be charged for collection, the fee varying in accordance with the amount of the check collected.

Endorse Checks in Accordance with the Way in Which They Are Written

If your name is "Thomas L. Robinson," and you receive a check made out to "T. L. Robinson," endorse the check "T. L. Robinson." Write below the endorsement the official signature by which you are recognized at the bank.

For example:

T. L. Robinson
(Thomas L. Robinson)

If the check should be made out to "John T. Graham, Treasurer, The Bryant Lodge," endorse it:

John T. Graham, Treasurer, The Bryant Lodge

Endorse Checks Properly

Endorse all checks on the back of the left end of the check, within at least an inch of the end of the check.

Do Not Risk Loss by Sending Endorsed Checks That Anyone May Cash

If you endorse a check simply with your name, you may lose the amount of the check, for a check so endorsed is like money.

Since you are likely to be much more careless with a check than you are with money, the possibility of loss is great.

A farmer who received regular checks in payment for milk delivered at a milk station, was accustomed to take those checks home, make proper entries in his books, endorse the checks and mail them with his bank book for deposit. His "hired man" noticed this habit

of endorsing checks, and one day when he was asked to take the letter that he knew contained the bank book with properly endorsed checks, simply disappeared with the checks, which he had cashed without difficulty. If the farmer had endorsed the checks so that they would be payable only to the bank, they would have been worthless to the man who stole them.

1. Do not endorse checks until you arrive at the bank where you are to make a deposit.
2. If you send checks thru the mail, do not endorse them so that anyone can draw the money.
3. Endorse all checks to be sent thru the mail for collection, or to be deposited or collected by other person than yourself so that no one but the bank, or the persons whom you wish, can obtain the money.
4. Use the words "Pay to the order of" thus:

Pay to the order of The Elkhorn Bank for deposit John T. Graham, Treasurer.
--

Pay to the order of Willard McCabe John T. Graham, Treasurer.

Save Time by Using Rubber Stamps

If you receive many checks, save yourself the trouble of endorsing checks with pen and ink, in full. The only writing necessary is the actual signature.

1. Use a rubber stamp that will print a signature for deposit.

Pay to the order of
THE ELKHORN NATIONAL BANK
For deposit to my account
JOHN T. GRAHAM

You May Deposit Checks by Mail

In order to save time and trouble, it is often advisable to deposit checks by mail.

1. If you wish, you may send by mail your bank book, and checks properly endorsed to the order of the bank in which you make the deposit.
2. Do not endorse checks so that they can be drawn by anyone except the bank to which you mail them.

Pay to the order of
THE MISSOULA BANK
For deposit
Arthur L. Redmond, Secretary

3. You can deposit by mail without sending your bank book. Make out two duplicate deposit tickets, and send both to the bank with your deposit. One of duplicate deposit tickets will be returned to you as a receipt.

You Can Deposit Money Personally Without Your Bank Book

Sometimes you find it necessary to make a deposit at a bank at a time when you do not have your bank book with you.

1. In such a case, proceed as if you were conducting the transaction by mail.
2. Make out duplicate deposit slips and have one of the deposit slips properly stamped as your receipt.

How to Manage a Check Book

What a Check Book Is

A check book is nothing but a convenient book or printed form by means of which you issue orders on your bank.

Any form of check will be as valid as the form given in your check book.

A check book, however, gives you the most convenient form of check, and the greatest convenience in keeping account of the checks you draw.

Write Carefully in Your Check Book

Some men write so hastily and carelessly in their check books, writing on the stubs in a manner so nearly illegible that the books become almost worthless to themselves, and certainly not clear to anyone else who may be obliged to examine them in the settlement of an estate.

One business man who died recently, made no pretense of writing legibly, and even boasted, as it were, that he not only did not want to read his check stubs, but that he couldn't read them if he wanted to. A quick turn of business affairs made him wish most desperately that he had kept his check books with greater care. He was obliged to spend some time going over his accounts before he could untangle certain difficulties.

Do not allow haste to interfere with the accuracy of your check book.

1. Write neatly in ink.
2. Write plainly.
3. Write all dates so that they will be perfectly legible.
4. Number every check systematically, and keep a record of the numbers.
5. Write very carefully and plainly, the name of the person or company to whom money is to be paid.
6. Write out, in words, the amount of whole dollars to be paid, and in the form of a fraction any division of a dollar.

Nine Hundred Twenty-Eight & 23/100 Dollars

7. Write out, in figures, in the proper space the amount to be paid, writing any division of a dollar in the form of a fraction, thus:

\$928 23/100

8. Write your signature in accordance with your signature as given to the bank.
9. On the check stub record the number of the check, the date, the name of the person to whom the check is to be paid, the amount, and the purpose for which the money is paid, thus

providing yourself with a permanent record of the entire transaction.

10. If any further matters appear in relation to the particular check, make a record on its stub, thus:

"Check lost; bank notified; new check drawn."

Write Checks so That They Cannot Be Altered

From time to time you read in the newspapers that some one has been arrested for altering a check. Write your checks so that it will not be possible to alter them.

A woman was accustomed to write her checks so that the first word of the sum named began far over to the right of the check blank. Before that word she was accustomed to draw a line to prevent raising of the check. Once, as she afterward remembered, she was suddenly interrupted while writing a check, and gave out the check for \$2.56, and failed to draw the line before the first word of the sum. The check fell into the hands of an unscrupulous man, who raised it to \$102.56 without the slightest difficulty.

1. Leave no space between the writing of the sum to be paid and the beginning of the space in which the amount is to be written. If you leave any space, it is possible for someone to

insert a word that will raise the check. Thus, a check for

Eight Dollars

might be raised, if space were left for the writing of the word "Twenty" before the "Eight,"

(Twenty) Eight Dollars

Leave no space at all, and there will be less opportunity to raise the check.

Eight Dollars ~~~~~~

2. In the same way, after the amount you have written draw a double cross, thus #, followed followed by a heavy, wavy line that fills the entire space provided for writing.

Four Dollars # ~~~~~~

3. Likewise, write the figures in the space provided for figures so that there will be no op-

portunity to insert other figures. Write the first close to the dollar sign, the second figure close to the first, and so on.

After the last figure make a double cross.

\$428#

Use a Check-Protector

One of the best means of preventing the raising of checks is a check-protector, a device that perforates in the check or prints upon it the amount represented by the check. These check-protectors, or check-writers, may be obtained in various forms, from little devices that cost no more than a dollar, to expensive machines that cost many dollars.

Buy a check-writing-machine that will so perforate or print a check that it will not be possible to iron down the perforations, or to alter the perforations or printing in any way.

Rewrite Any Check That You Yourself Wish to Change

Sometimes, in writing a check, you make an error. It is true that a quick erasure will easily correct the error, but a corrected check is a poorly made check.

1. Make no erasures on your checks.
2. Do not rewrite or change any figures on your checks.

3. Do not revise or change words on your checks.
4. Do not change your signature on your checks.
5. Whenever you make an error in writing a check, write an entirely new check.

Use Checks as Receipts

You may, if you wish, write on the reverse side of the check, and at the end of the check where the endorsement will be made the words:

Payment in full for

Then add the purpose of the payment.

Payment in full for Services as Janitor during August
--

A man who for years had been accustomed to keep his checks, as receipts, had had no occasion in all that time to refer to them. Then one day he received a bill for an item that he felt sure he had paid. Immediate reference to his file of checks produced the proper check with the purpose of payment indicated, and the signature. He proved his point immediately without question.

You may, if you wish, use a form of check that

provides printed space for the items of an account, with the words:

Payment in full for the items named below

Anyone who endorses such a check thereby gives you a receipt in full for the amount of the check..

Adapt Your Checks to the Nature of Your Business

Adapt the form of your checks to the nature of your business. Different companies print their checks in different forms.

1. Find what form of check will give you the greatest amount of protection.
2. Find what form of check will serve you best as a receipt.
3. Ask your bank to show you different types of checks that it prepares for its customers.

Use a Large Check Book when Possible

When it is at all convenient for you to use a large desk check book, make use of such a book.

1. The large check book increases your attention to neatness and accuracy.
2. The large check book is not easily lost or misplaced.
3. The large check book contains a great number

of checks and check stubs, and thereby offers an opportunity for quick reference.

Use a Numbered Check Book

Your bank will furnish you with a large check book, with every check and every stub properly numbered in red, and with your name printed on one end of every check.

Use such a check book, because:

1. It will enable you to keep your checks in proper order.
2. It will give you increased protection.
3. It will dignify your checks, and increase your financial standing.

Draw Checks to the Proper Names

In writing a check, write the name of the person to whom the money is to be paid, in accordance with that person's position.

1. If a check is to a private person, write merely the name:

Alexander O. Grashan

2. If the check is to a physician, a dentist, a minister, or any professional man, omit any

title, such as "Doctor" or "Reverend" and write merely the name:

Harold R. Kelsey

3. If the check is to a Treasurer or a Secretary or Receiver, write the official title of the person to whom you draw the check, thus:

Carrol T. Jackson, Receiver

Sidney L. Chubb, Treasurer

The object of drawing your check in this way is to make certain that the check will not be paid to an individual, as such, when it should be paid to a representative whose signature, as such, would give you a receipt.

The purely individual signature does not necessarily give you a receipt from a body represented.

Avoid Drawing Checks to Individuals Who Are Not Themselves to Receive the Money

It is a good business plan to draw every check given to a representative in such a way that the check will act as a receipt from the organization represented.

A man came to a residential section of the city as representative of a mercantile establishment. He took orders for certain goods, and asked to have checks drawn in his own name, explaining that he was taking orders on a commission basis, and that matters would be greatly facilitated if the checks were drawn to him. Those who drew their checks in his name lost their money. The man was a rascal, who made no delivery of the goods, and who simply appropriated money that was given to him. Those who drew their checks to the firm concerned lost no money, nor did they gain any goods; the man simply destroyed those particular checks and made use of the others that he had gained by his scheme.

If an agent or collector is to receive your check, you expose yourself to loss if you draw your check to the agent as an individual.

Suppose, for example, that a representative of "The National Household Monthly" secures your subscription and asks for a check. Do not draw a check directly to him, however urgently he may request it.

Draw the check to

The National Household Monthly

You will then avoid any possibility that the collector may, intentionally or unintentionally, place the check to

his own private account. If the check is cashed, you will have a receipt from the company.

Use Certified Checks when You Wish Immediate and Final Receipt

A certified check has practically the same value that money has, for it has been certified by the bank as being worth its face value.

In any important business transaction where you are to pay by means of a check, and where you wish an immediate receipt, such as closing a deed or obtaining a tax receipt, use a certified check.

In order to obtain a certified check, follow these directions :

1. Write your check in your usual manner.
2. Present the check to the paying teller of your bank.

He will ascertain if you have on deposit in the bank, to your account, the amount named in your check.

If you have that amount, it will at once be withdrawn from your account, the paying teller will stamp on your check, or write across its face, the word "Certified," and add his signature.

2. Now that the amount of the check has been withdrawn from your account, the check itself is just as valuable to the person to whom it is drawn as money would be.

Do Not Lose Money by Holding Checks too Long

It is quite possible to lose money by holding checks too long before depositing them.

A householder rented rooms to a musician, who paid him regularly by check. This had gone on for a number of years with perfect satisfaction. The householder had such faith in the old musician that he did not deposit his checks immediately, but sometimes allowed them to lie in a desk drawer several months. The musician died, and it was found that there was no money to meet the checks. The result was a total loss, and yet there was no dishonesty.

DEPOSIT ALL CHECKS AS SOON AS YOU RECEIVE THEM

It is quite possible for anyone to overdraw an account. If you hold a check for a long time, it may be that by the time you present it there may be no money with which to pay it.

It is possible also that the one who drew the check will be deceived by the fact that his bank balance is larger than he had supposed. He may not notice that this is due to the fact that your check has not been presented for collection. He may therefore draw against the balance indicated, and leave no money with which to pay your check.

FOR THE PURPOSES OF GOOD BOOK-
KEEPING DEPOSIT CHECKS PROMPTLY

As a matter of law, if you fail to deposit a check within a reasonable time, and at length find that a check, which would have been good at one time, has become valueless, you will not be able to force payment for the loss.

**Do Not Confuse Your Accounts by Using Other
Check Blanks Than Those in Your
Check Books**

Sometimes you find yourself in a situation where you wish to use a check, but do not have your check book with you.

1. If you are near your bank, obtain a blank check from the bank.
2. Use an ordinary blank check, and write on it the name of your bank.

Such procedure, however, is likely to cause trouble.

1. Avoid using any check blanks except those in your check book.
2. You are likely to fail to enter one of the following:
 The amount;
 The date;

The number ;

The name of the person to whom the check is given ;

The purpose for which the check is given.

Thus you are likely to confuse your account.

3. The habit of using miscellaneous blanks leads to carelessness, and may lead to confusion and loss.
4. If it is necessary for you occasionally to draw checks when you are not likely to have your check book with you, procure a small pocket check book that you can carry with you all the time.
5. Use checks from this book whenever you are obliged to draw unanticipated checks.
6. At your earliest convenience transfer the entry to your regular check book.

Withdrawing Cash for Personal Use

When you wish to draw money, make out a check to yourself, endorse it properly, and present it to the paying teller! Tell him in what form, or in what denominations, you wish the money paid. Count immediately the money you receive.

Withdrawing Cash for a Pay Roll

When you wish your check to be paid in such form that you can make up a pay roll, present the necessary information on a slip like the following :

CASH FOR PAY ROLL FOR

Pennies		
5c pieces		
Dimes		
Quarters		
Halves		
\$1 and \$2 Bills		
\$5 “		
\$10 “		
\$20 “		
\$50 “		
Total,		

Keep Watch of Your Bank Account

Every month the bank in which you keep your account will give you a statement showing the exact condition of your account, or else it will balance your bank book.

Together with the statement or the balanced book, you will receive your checks on which the bank has made payment.

If the bank gives you a statement, examine the statement to see that it lists the amount of every one of your checks that has been presented to the bank, and that it gives the date when every such check was presented.

The statement or balanced book also shows the amount of every deposit that you have made, and the date when you made it.

Likewise, it shows the balance remaining to your credit.

If you have had any other transactions with the bank, they will be noted on your account sheet.

Such transactions are likely to be listed under some of the following heads:

- Collection
- Note Discounted
- Certified Check
- Exchanges
- Errors Corrected
- Overdraft

Two men having the same name, but unknown to each other, kept an account in a certain national bank. Their initials were the same, their first names were the same, even their middle names were the same. Their signatures were somewhat the same. Although the bank warned each of these men, and did its best to keep matters correct, one of the men was careless and failed to examine his bank accounts with the proper care. The result was that certain items that should have been

charged to one were charged to the other. Since he had not examined the account carefully, he failed to notice the error until some months afterward, when he became violently angry at the bank clerks for an error for which he was as much to blame as they.

Check Every Item

Don't make the mistake of merely glancing at your bank account, and carelessly putting the paper away, or destroying it. Check every item.

1. Verify every returned check as your own.
2. Compare the returned checks, and the figures given in the statement.
3. Look at the stubs in your check book and see which checks have not been presented.
4. Make a note of the unpaid checks you have drawn, and of the amount still to be paid on them.
5. Compare your record of deposits with the record of deposits in the statement, checking every item.
6. Add together the balance left from any previous month, and the new deposits made.
7. Add the checks recorded on the statement.
8. Subtract the recorded withdrawals from the amount placed to your credit, and thus verify the balance made by the bank.
9. When you have placed a check mark opposite every item on the statement, and have proved

the statement in full, endorse it "O. K." or "Approved," and sign your name.

10. Place the bank statement on file for future reference.
11. Do not make the mistake of allowing several days to pass before you verify a bank statement. Verify every statement immediately, so that you can correct any errors that may be found.
12. Notify the bank at once if you find any error in your account.

Check All Entries in Your Bank Book

If the bank gives you no statement, but balances your book at the end of a month, check every item in the same way.

1. Present your bank book regularly every month for balancing.
2. As soon as you have received the bank book, and the cancelled checks, verify every check.
3. Check the record of deposits.
4. Make a list of checks that you have issued that have not yet been presented to the bank.
5. Subtract the amount of the checks drawn, but not yet presented to the bank, from the final balance given in the bank book. The result should be the same as the result you have already arrived at in your checking account.
6. If there is the slightest discrepancy, make a thoro study of your check book record, and of

the record presented by the bank, until you have found the cause of the discrepancy.

Do You Wish to Lose Money?

Many people fail to check their balances and bank statements, and thus expose themselves to loss.

Banks are, of course, managed with the utmost honesty and care, but they are managed by human beings,—and all human beings make mistakes.

1. It is possible that a tired clerk may think of one figure and write another.
2. It is possible that a wrong addition or subtraction may have been made.
3. It is possible that a deposit that should have been credited to you, has been credited to someone else.
4. It is possible that a check drawn by someone else, whose name closely resembles yours, has been deducted from your own account.

Check up your account, and place a check mark opposite every item. You will at once find any mistake that may have been made. You will then be able to correct it immediately.

Increased care in checking up bank statements may save you many dollars, and much trouble.

File Every Cancelled Check

When you have verified your bank statement, and the checks that have been returned, take the checks and arrange them carefully for filing.

Remember that a cancelled check is a form of receipt for money that you have paid. File your cancelled checks so that you can refer to any check quickly, at any time.

Some time ago a department store sent one of its customers a bill that it said was long overdue. The customer merely glanced at the date of the purchase, turned to his file of check books, and in a moment had found the proper entry. In another moment he had turned to his file of cancelled checks, all properly arranged in accordance with numbers and dates, and there found the check that acknowledged the receipt of payment for the bill in question.

1. Arrange the checks systematically in accordance with the numbers of the various checks.
2. If you have issued many checks, arrange the checks in divisions, such as—a separate bundle every week, or for every month, every two months, or for every three months.
3. If you have drawn few checks, arrange them in larger groups, such as a bundle for every six months, or a bundle for every year.
4. Place all the cancelled checks neatly, in order, in some convenient form of file, such as an ordinary desk drawer, or a filing cabinet.

Save Your Check Book Stubs

Do not throw away the stubs of a check book after you have used up all the checks in the book.

The stubs form a permanent record of your transactions, and are valuable as a means of quick reference.

1. Number, on the outside cover, every book of check stubs.
2. Write also on the outside cover of every book of check book stubs the list of checks issued from that book, writing first, the lowest number of check issued, and second, the highest number, thus :

800 to 859

3. File your books of check book stubs neatly in order in a desk drawer, or in a case, so that you can refer to any book at a moment's notice, without making a long search for the proper book.
4. Since every book will be thick at one end, and thin at the other, file the books so that the ends will alternate, the thick end of one book being next to the thin end of another, thus doubling the filing space in the drawer or in the cabinet.

Where You Are Most Likely to Make Mistakes

It seems almost impossible for some people to keep their bank accounts "straight." Their records, and

those of the bank, seldom agree, yet the causes for mistakes are few.

A woman complained that it is almost impossible for her to keep her banking records correct. The bank clerk asked her to bring her check book to the bank for examination. When she had done this it was at once apparent that she had made serious mistakes in addition and in subtraction on practically every other page of the book. The clerk suggested a means of checking her additions and subtractions, and ever thereafter she found her accounts easy to keep.

1. You make mistakes in addition. Check every addition by adding, first, from the top of the column, down; and second, from the foot of the column, up.
2. You make mistakes in subtraction. Check every subtraction by adding to the remainder the amount subtracted. See if the result of such an addition equals the amount from which you subtracted originally.
3. You may have written one figure when you intended to write another. Verify all your figures.
4. You may have failed to make entries.
5. Deposits, that you may have credited in your check book, may not have been made at the bank until after the regular bank statement had been prepared.

6. Checks that you drew may not have been presented at the bank until after the bank made out its statement.
7. The bank may have charged exchange on out of town checks.
8. The bank may have charged or credited interest.

How to Use Bank Drafts

When you wish to send a sum of money to a place at some distance from where you live, and when the use of your own check might cause delay, send a bank draft.

A bank draft is, in reality, a check drawn by one bank upon another bank, but payable to the order of any designated person.

Bankers can ascertain immediately the financial standing of any bank or banking house. Therefore, they know at once the value of the draft.

Sometimes a check drawn by a private individual is looked upon with suspicion but a bank draft, drawn by the cashier of a bank, will be honored without hesitation.

What Is a Personal Draft?

A personal draft is an order upon an individual, instead of upon a bank. Yet, as a rule, drafts are paid thru the agency of a bank.

Form for a Personal Draft

\$.....	19.....
Pay to	
the order of.....	
Dollars	
Value received and charge the same to account of	
To	}
No.	
.....	

If the draft is an order upon a person, or firm, to pay a certain sum of money to the person who draws the draft, and is not payable at sight, it should bear across its face an acceptance, that is, the word "Accepted," the date when it is accepted, the date when it will be payable, the place where it will be paid, and the signature of the person, or firm, on whom the draft has been drawn.

1. Deposit drafts that have been "Accepted," just as you would deposit a check.
2. If the draft has not been "Accepted" you may deposit it with the bank, and allow the bank to present it immediately for acceptance.
3. On the date named in the acceptance the bank will make the collection of the sum named in the draft, and credit it to your account.

4. If the draft is a "Sight draft" it is payable immediately upon presentation, and may be deposited with the bank for collection.
5. Endorse all sight drafts just as you would endorse a check.

Drafts Give a Quick and Convenient Method of Making Payment

If you are a merchant and carry on active business transactions with several persons in a distant place, you may save yourself, and those with whom you deal, considerable trouble by making use of drafts.

If, for example, you sold goods to one person and bought goods from another, you can draw a draft upon the person to whom you sold the goods in favor of the person from whom you bought.

If, after a series of such drafts in the settlement of accounts, there is any balance, you, or those with whom you deal, may send checks for the balances, doing this at any convenient time, say at regular periods, or at the conclusion of business transactions.

The advantage of transacting business by means of drafts is that it saves the drawing and the sending back and forth of a number of checks.

In other words, the personal draft simplifies business, and leads to immediate payment of accounts.

Collect Payment by Drafts

When you send a large amount of goods to someone who ordered them from you, add to your bill-

of-lading a draft, drawing upon the one who ordered the goods, for the amount due you.

Then take the bill-of-lading, and the draft, to your bank. If your relations with the bank are such that the bank recognizes your business worth, the bank will take the two papers and immediately give you credit, less a per cent. or discount.

In other words, the bank will have taken your place. It will, for the time being, be the owner of the goods. It will forward the draft and the bill-of-lading to the bank in the place where the goods are to be sent.

In that place the bank will take charge of the collection of the draft. Not until the draft has been paid will the one who ordered goods be able to obtain them.

If you are a merchant doing considerable business with distance places, this method of collection is exceedingly satisfactory, for the bank in the place where the goods are sent actually does your work, as if you yourself had your place of business there.

Collect Money from Foreign Lands by Foreign Drafts

If you sell a large amount of goods to persons who live in foreign lands, follow the same method of collection as that employing drafts in our own country.

Send a draft upon your foreign customer, together with the bill-of-lading, to a bank that makes a specialty of dealing with foreign banks.

The bank in which you deposit the draft and the bill-of-lading will, thru its foreign correspondents, make the necessary collection, and give you the amount due you, minus a deduction for the accommodation.

A bank in a foreign land will represent you exactly as if your place of business were there, instead of in this country.

Use "Trade Acceptances" Instead of Drafts

In recent years, "Trade Acceptances" have largely taken the place of the older form of drafts.

A "Trade Acceptance" is a form of time draft.

The "Trade Acceptance," like a draft, is an order to pay a certain amount of money at a certain time and place. It is endorsed, with an acceptance, giving:

1. The date;
2. The place at which the trade acceptance is payable;
3. The bank if any at which it is payable;
4. The signature of the acceptor.

The "Trade Acceptance" makes the statement on its face that the obligation of the acceptor arises from a purchase of goods from the drawer.

Banks discount "Trade Acceptances" just as they discount drafts.

By the use of "Trade Acceptances," the seller of goods can obtain immediately the amount due him, less the discount. The buyer of goods is able to purchase

goods on credit, in accordance with the terms of the "Trade Acceptance."

The banks, by discounting "Trade Acceptances," make a slight profit.

Thus, all parties to the transaction are satisfied, credit is strengthened, actual money is not made an immediate necessity, and the needs of business are facilitated.

Trade Acceptance

No.....19.... \$.....
.....Days after date pay to the order
of OURSELVES
..... Dollars
The obligation of the Acceptor hereof arises
out of purchase of goods from the drawer, ma-
turity being in conformity with original terms of
purchase.
To
.....
.....
.....Treasurer
Due.....19....

Banks that accept "Trade Acceptances" may rediscount the "Trade Acceptances" at the Federal Reserve Bank of the District where the "Trade Acceptances"

will become due. Therefore, the banks are not obliged to withdraw funds.

In order to use "Trade Acceptances," two things are necessary:

You must establish your own credit.

The person to whom the trade acceptance is due must establish his credit.

Use "Letters of Advice" as a Safe Means of Making Cash Payment

If you wish to make a large payment without drawing a check, or sending actual cash, obtain from your bank a "Letter of Advice."

A "Letter of Advice" is simply a formal letter from your bank to the bank in the place where you wish to pay money.

You send the "Letter of Advice" to the person whom you owe, and he can draw immediately the money from the bank to which the letter is addressed.

The advantage of this method is that there will be no charge for the collection of a large check. There will be no risk of losing actual cash, as there would be if you sent it by express. The whole transaction will be entirely safe, and at the same time convenient.

Use Certificates of Deposit as a Safe Means of Sending Money

Go to any bank,—whether you are known by the bank or not,—deposit a sum of money, and obtain a "Certificate of Deposit" for the sum deposited.

You may send this "Certificate of Deposit" to any place in the United States, just as you would send a check.

The method is both safe and convenient.

A traveling man who wished to use quite large sums of money in different parts of the United States, adopted the method of using certificates of deposit as means of obtaining his money readily in any place, and yet of having it always safe.

Pay for Goods by Means of Notes Deposited at Banks

If you buy a large amount of goods, you may pay for these goods,—if the one from whom you purchase them will agree to it,—by giving a note, due at any time upon which you, and the one from whom you purchased the goods, may agree.

If you, and the person to whom you give the note, are both sufficiently well known, the one who receives your note may obtain his money at once from the bank, minus a certain discount. The bank will collect the note from you in full, at the proper time.

Naturally, if a bank is to accept a note of any sort, it must be well assured of the reliability both of the maker of the note, and of the one who endorses it.

Unless the bank recognizes the reliability of both persons, it will not accept a note for collection.

Send Money Safely by a Bank Money Order

A "Bank Money Order" is much like a Postal Money Order, or an Express Money Order, except that it is issued by a bank.

Bank money orders are most used for the sending of small sums of money; in fact, they are not issued for large amounts.

If you are accustomed to deposit at your bank Postal Money Orders that you receive, it is only fair to your bank, in return, to patronize it to a small extent by buying bank money orders instead of Postal Money Orders, thus making the sending of small sums of money purely a bank transaction.

Don't Lose Money by Carrying Large Sums from Place to Place

Frequently you read that some traveler in our own country, or elsewhere was robbed, and was obliged to secure financial assistance from strangers.

Nothing is more foolish than to carry with you large sums of money when you travel.

The New York City newspapers recently printed articles concerning the loss of several thousand dollars. A woman who had kept an account in a bank became vexed with the bank officials, and wished to transfer her account. Instead of making a check for the entire amount of her deposit, she withdrew the money

in cash. In carrying it only a few blocks from the old bank to the new bank, she lost the money. She gave as her reason for withdrawing actual cash, that she did not wish the old bank to know where she was to open a new deposit. If one can lose a large sum of money within a few blocks, how much more quickly can he lose it while traveling to distant places!

Use a "Letter of Credit"

Obtain from your bank a "Letter of Credit." In order to obtain a "Letter of Credit" you will have to deposit with the bank the amount of money that you wish to have at your command for a journey, and you will have to pay a small amount for the accommodation.

The "Letter of Credit" will include a letter of identification, and will provide you with a number of checks, or orders, for money. You may present these, as needed, at any of the banks named as correspondents of the bank of which you buy the letter of credit.

Other banks, hotels, and leading business houses in any city or village will honor a bank "Letter of Credit."

In traveling you will always have a large amount of money at your command, and yet your money will always be perfectly safe, as though it were in a bank,—as it really is.

HOW TO BORROW MONEY FROM A BANK

Borrow from a Bank

Oftentimes you find yourself hard-pressed for money, and in immediate need. In such a case, you must borrow money.

You hesitate to go to your friends and to your acquaintances, and you would like the borrowing to be purely a matter of business. Go, then, to your bank.

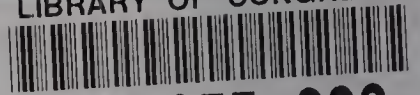
Offer Collateral Security

Go to your bank with collateral security of some sort, such as a bond, a stock certificate, or a life insurance policy, or some other paper of actual value, and ask for a loan, the repayment of which you guarantee by depositing the collateral security.

1. Make the loan payable on demand.
2. Make the loan payable for thirty days, sixty days, ninety days, six months, or a year, as you may wish.
3. Sign a note for the amount of the loan, the note including the name and the amount of the collateral security deposited, and at the same time giving the bank the right to sell the security in the event of the non-payment of the loan, or of the decline of the securities in value.

4. Pay the full interest on the loan at the time when you borrow the money.
5. The bank will not lend you the full amount of the securities deposited, but will allow a margin for possible depreciation of value.

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